
Content

Title :	Directions for Business Tax Exemption on Offshore Islands 
Date :	2009.03.23
Legislative :	1. Issued by the Ministry of Finance on May 11, 2000 under Decree No. 0890404926. 2. Amended by the Ministry of Finance on January 15, 2002 under Decree No. 0910450388. 3. Amended by the Ministry of Finance on March 25, 2009 under Decree No. 09804510560.

- Content :
1. To be in accordance with the implementation of Paragraph 1, Article 10 of the Offshore Islands Development Act (hereunder called the "Act"), the Ministry of Finance has set forth the Directions for Business Tax Exemption on Offshore Islands herein.
 2. Goods sold, delivered and used locally on offshore islands, or services provided locally on offshore islands by business entities to which the Act applies, are exempt from business tax starting from the date the Act is implemented, except for business entities in Lyudao, Lanyu, Liouciou, which are exempt from business tax as of 25th January, 2009.
 3. The "business entities in Penghu, Kinmen, Matsu, Lyudao, Lanyu and Liouciou " depicted in the Act shall mean business entities that have completed business registration with or have taxpayer registration files set up by the tax authorities.
 4. The "goods sold, delivered and used locally" depicted in the Act shall mean goods whose ownership is transferred by business entities in Penghu, Kinmen, Matsu, Lyudao, Lanyu or Liouciou to others in the local area for a consideration. However, goods sold but not delivered locally are excluded. Business entities which sell aircraft, vessels, automobiles (including motorcycles), or houses, shall complete the registration of property transfer with the competent authority in Penghu, Kinmen, Matsu, Lyudao, Lanyu or Liouciou and submit the relevant documents to the tax authorities to be exempt from business tax.
 5. The "services provided locally" depicted in the Act shall mean services sold are provided and used in Penghu, Kinmen, Matsu, Lyudao, Lanyu or Liouciou. Ticket fares or freight charges for transportation from the local area to first-leg stations within the territory of the R. O. C., charged by marine or air transport enterprises who have completed business registration with or have taxpayer registration files set up by the local tax authority, are exempt from the business tax.
 6. Business entities which are eligible for business tax exemption pursuant to the Act shall not deduct their input tax from output tax. Business entities which supply both taxable and exempt goods or services shall compute the non-deductible input tax in accordance with the Regulations for Computation of Business Tax for Dual-Status Business, and pay business tax payable for the purchase of services from foreign suppliers.
 7. Business entities required to use uniform invoices for their business operations, though eligible for business tax exemption pursuant to the Act, shall issue uniform invoices and file business tax returns as provided by the related law, and note their tax-exemption status in the appropriate column in the detailed list of uniform invoices in accordance with Article 8 of the Regulations Governing the Use of Uniform Invoices.
 8. Except for business entities that use uniform invoices for business operation and file business tax returns according to Article 35 of the Business Tax Law, the sales amount of small business entities and other business entities exempted by the Ministry of Finance from reporting the sales shall be assessed by the tax authorities.
 9. In the case of business entities undertaking a construction job locally in Penghu, Kinmen or Matsu and the account receivable according to the contract is dated after the implementation of the Act, such account receivable shall be exempt from business tax, whereas sales made from the time prior to the implementation of the Act will be subject to business tax. In the case of business entities undertaking a construction job locally in Lyudao, Lanyu or Liouciou, and the account receivable according to the contract is dated after 23th January, 2009, such account receivable shall be exempt from business tax, whereas sales made from the time prior to the date be subject to business tax.